

## **0510.21 Mandated Payments on Procurement Card**

Issued: March 28, 2008

**SUBJECT:** Mandated Payments on Procurement Card

**APPLICATION:** Executive branch departments and sub-units

**PURPOSE:** To describe the instances when use of a procurement card for purchases and payments is required.

**CONTACT AGENCY:** Department of Management and Budget (DMB) – Financial Services

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**SUMMARY:** Procurement cards provide State of Michigan personnel with the ability to make small, delegated purchases. Many vendors accept credit cards as a method of payment. Use of a credit card is a more efficient and economical method of payment. Use of the procurement card is being mandated for selected vendors used by the State of Michigan.

**APPLICABLE FORMS:** None

### **PROCEDURES:**

#### **Statewide Procurement Card Administrator:**

Consult with departments before recommending vendors for procurement card payments.

Annually provides a report to the Office of Financial Management (OFM) and DMB-Purchasing Operations on vendors who should be considered for payment through procurement cards.

Makes recommendations to Purchasing Operations and OFM on vendors who should be considered for inclusion of mandatory payment through the procurement card.

Department requests for exception to this procedure should be submitted for review by the Statewide Procurement Card Administrator, for determination if the business case presented allows for this exception.

#### **Office of Financial Management**

Reviews and approves recommended vendor list and forwards to Purchasing Operations.

#### **Treasury Collections:**

Review the list of vendors to determine if payments need to run through the standard payment process.

#### **Purchasing Operations**

Using the recommendation from OFM and Treasury, Purchasing Operations reviews the list of vendors. When appropriate, negotiates with vendors to accept the procurement card as the primary method of payment for acceptable purchases. Purchasing Operations executes contract amendments if necessary.

As new contracts are established, Purchasing Operations makes recommendations to OFM and the Statewide Procurement Card Administrator regarding new and/or additional contracts which should be considered for procurement card payments. All vendor discounts negotiated by Purchasing Operations with the vendor are to be incorporated into the price paid for the commodity with the procurement card. Contract management responsibilities remain with Purchasing Operations.

Provides a list of vendors required to be paid by procurement card from the State of Michigan. The list will be posted on the Purchasing web page. Regular updates to this list are to be completed as additional vendors are mandated.

Work with vendors to obtain necessary data for reporting purposes.

Agency:

Where it has been determined vendors are to be paid by procurement card ensures that the vendors are paid using a state procurement card.

Develop an internal policy for obtaining goods using the procurement card for payment.

If necessary, obtains procurement card for staff required to make purchases. See Administrative Guide procedure 0510.18, Obtaining a Procurement Card.

Reviews contract to determine appropriate payment method.

Submits requests for exemption to the Statewide Procurement Card Administrator. The request must identify the business case for the exemption.

Statewide Procurement Card Administrator:

Provides, to departments, semi-annual reports validating compliance.

Reviews exemption requests from the departments and determines if exemption will be granted.

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